

FAME-II sop cut, e-2Ws to turn pricier from June 1

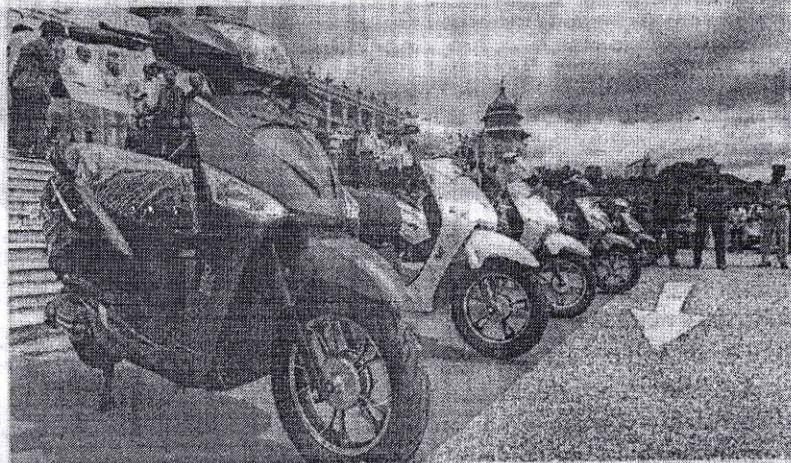
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Electric two-wheelers (e-2W) are set to get costlier come June with the government reducing the cap on incentives to 15 per cent on the ex-factory price from 40 per cent under Phase II of FAME (Faster Adoption and Manufacturing of Electric Vehicles in India).

In a Gazette notification, the Ministry of Heavy Industries (MHI) said, "Amendments are made with effect from June 1, 2023, and would be applicable to all e-2Ws registered on or after June 1, 2023." The amendments also include a reduction in the demand incentive to ₹10,000 per kilowatt per hour (kWh) from ₹15,000 per kWh.

businessline had reported on May 17 that the Ministry is likely to increase the FAME-II scheme outlay to around ₹1,500 crore for FY24, with a cap on incentive of ₹10,000 per kWh of battery capacity in e-2W, along with a cap of 15 per cent of the ex-factory price.

"The proposed increase in the scheme outlay and the reduction in the subsidy per vehicle will enable longer government support for the e-2W segment," a senior official



FOR THE GREATER GOOD. The immediate impact could be a rise in price and lower sales; stakeholders say the government is allowing the industry to become independent

privy to the meeting had said, adding that this additional funding would enable the continuation of subsidies for e-2Ws and help sustain the momentum of the electric mobility transition in the country.

MOVE WELCOMED

The industry welcomed the move and said subsidies are not needed any more for e-2Ws. "There was a need to have a more pragmatic approach to the long-term advancement and sustenance of the EV segment. Phasing out the subsidies is a forward looking move, and it's time the dependence on subsidies is done away with gradually... Eventually removing FAME II subsidy is a step in the right direction,"

said Nikhil Bhatia, co-founder and Chief Operating Officer, Hop Electric Mobility.

With the reduction of subsidy, it is clear that the EV ecosystem is growing rapidly and there is demand. While the immediate impact of the subsidy reduction will be a rise in price and lower sales, the government in a way is allowing the industry to become independent, said Siddharth Kabra, co-founder and CEO, VoltUp.

"This will give rise to infrastructure development for the sector and adoption of the Battery-as-a-Service model will gain prominence. Consumers will be able to save more when they opt for a subscription-based model," he said.